

Honolulu, Hawaii

APR 10 2015

RE: H.B. No. 1180
H.D. 1
S.D. 2

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B.
No. 1180, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to improve
transparency and efficiency and provide greater flexibility in the
procurement system.

Specifically, this measure:

- (1) Requires the Administrator of the State Procurement Office to establish an inadequate performance database to identify public works contractors that habitually perform poorly;
- (2) Transfers authority for the Compliance Audit Unit from the Office of the Auditor to the State Procurement Office;
- (3) Requires the Compliance Audit Unit to establish a database of meaningful statewide procurement contract data that is made accessible to each governmental entity and that allows selected non-confidential data to be made accessible to the general public;



- (4) Authorizes the Compliance Audit Unit to access statewide public contract information;
- (5) Establishes a procurement task force to define past performance, create criteria for adverse performance, and develop associated rules and processes required for statewide implementation;
- (6) Establishes a process for special innovative procurement, including public-private partnerships; and
- (7) Makes appropriations for purposes of the measure.

Your Committee received written comments in support of this measure from the Hawaii Laborers Union Local 368 and the Ulupono Initiative. Your Committee received written comments in opposition to this measure from the League of Women Voters of Hawaii. The American Council of Engineering Companies and the Hawaii Health Systems Corporation provided written comments on the measure.

Prior to the hearing on this measure, your Committee circulated a Proposed Senate Draft 2 and notified the public that it would be accepting testimony on the proposed draft. The proposed draft requires the Administrator of the State Procurement Office to develop and administer a searchable electronic database to record instances of inadequate performance by contractors for public works contracts and construction procurement contracts under chapter 103 and 103D, Hawaii Revised Statutes, respectively.

Your Committee received testimony in opposition to the proposed draft from the State Procurement Office.

Your Committee finds that it is in the public interest to promote transparency and efficiency in the procurement process. Your Committee believes that this measure will help to ensure that the public receives a completed project that is delivered on time, on budget, and of acceptable quality.

Your Committee has amended the Senate Draft 1 version of this measure by:



- (1) Requiring the Administrator of the State Procurement Office to establish a database to record performance by contractors generally, rather than establishing an inadequate performance database to identify contractors that habitually perform poorly;
- (2) Deleting language that made the database applicable to construction procurement contracts under chapter 103D, Hawaii Revised Statutes;
- (3) Deleting section 7 of the measure, which required the Administrator of the State Procurement Office to develop and administer an inadequate performance database;
- (4) Deleting the AFL-CIO from the list of organizations to be represented on the procurement task force;
- (5) Deleting part II of the measure, which:
 - (A) Established a process for special innovative procurement;
 - (B) Required the Procurement Policy Board to draft rules for special innovative procurements, including rules regarding public-private partnerships; and
 - (C) Appropriated moneys for a temporary position within the Department of Accounting and General Services; and
- (6) Making conforming amendments to the purpose section of the measure for clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1180, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1180, H.D. 1, S.D. 2.



Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

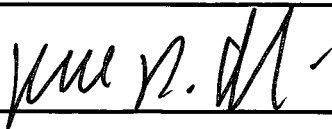


JILL N. TOKUDA, Chair



The Senate
Twenty-Eighth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB1180 HD1 SD1	Committee Referral: AVO, WAM	Date: 4-6-15		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div> <input type="checkbox"/> Pass, unamended 2312 </div> <div> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div> <input type="checkbox"/> Hold 2310 </div> <div> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	✓			
KOUCHI, Ronald D. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
GALUTERIA, Brickwood	✓			✓
HARIMOTO, Breene	✓			
INOUE, Lorraine R.	✓			
RIVIERE, Gil	✓			
RUDERMAN, Russell E.	✓			✓
SLOM, Sam	✓			
TOTAL	10	0	0	1
Recommendation: <div style="display: flex; justify-content: space-around; align-items: center;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: <div style="text-align: center; font-family: cursive; font-size: 1.2em;">  </div>				
<div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <div>Distribution:</div> <div>Original</div> <div>Yellow</div> <div>Pink</div> <div>Goldenrod</div> </div> <div style="display: flex; justify-content: space-between; font-size: 0.7em;"> <div>File with Committee Report</div> <div>Clerk's Office</div> <div>Drafting Agency</div> <div>Committee File Copy</div> </div>				

*Only one measure per Record of Votes